

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Holland Charter Township	County Ottawa
Audit Date 12/31/04	Opinion Date 2/25/05	Date Accountant Report Submitted to State: 5/13/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC			
Street Address 205 East Main Street		City Zeeland	State MI
Accountant Signature <i>Kiekoover, Scholma & Shumaker, PC</i>		ZIP 49464	
		Date 5/13/05	

ANNUAL FINANCIAL REPORT

HOLLAND CHARTER TOWNSHIP, MICHIGAN

For the Fiscal Year Ended December 31, 2004

BOARD OF TRUSTEES (ELECTED)

Supervisor	Terry Nienhuis
Clerk	Michael Dalman
Treasurer	Charles Kreun
Trustee	Vincent Bush
Trustee	Arlan Hossink
Trustee	Kelly Israels
Trustee	Norman Nykamp

ADMINISTRATION (APPOINTED)

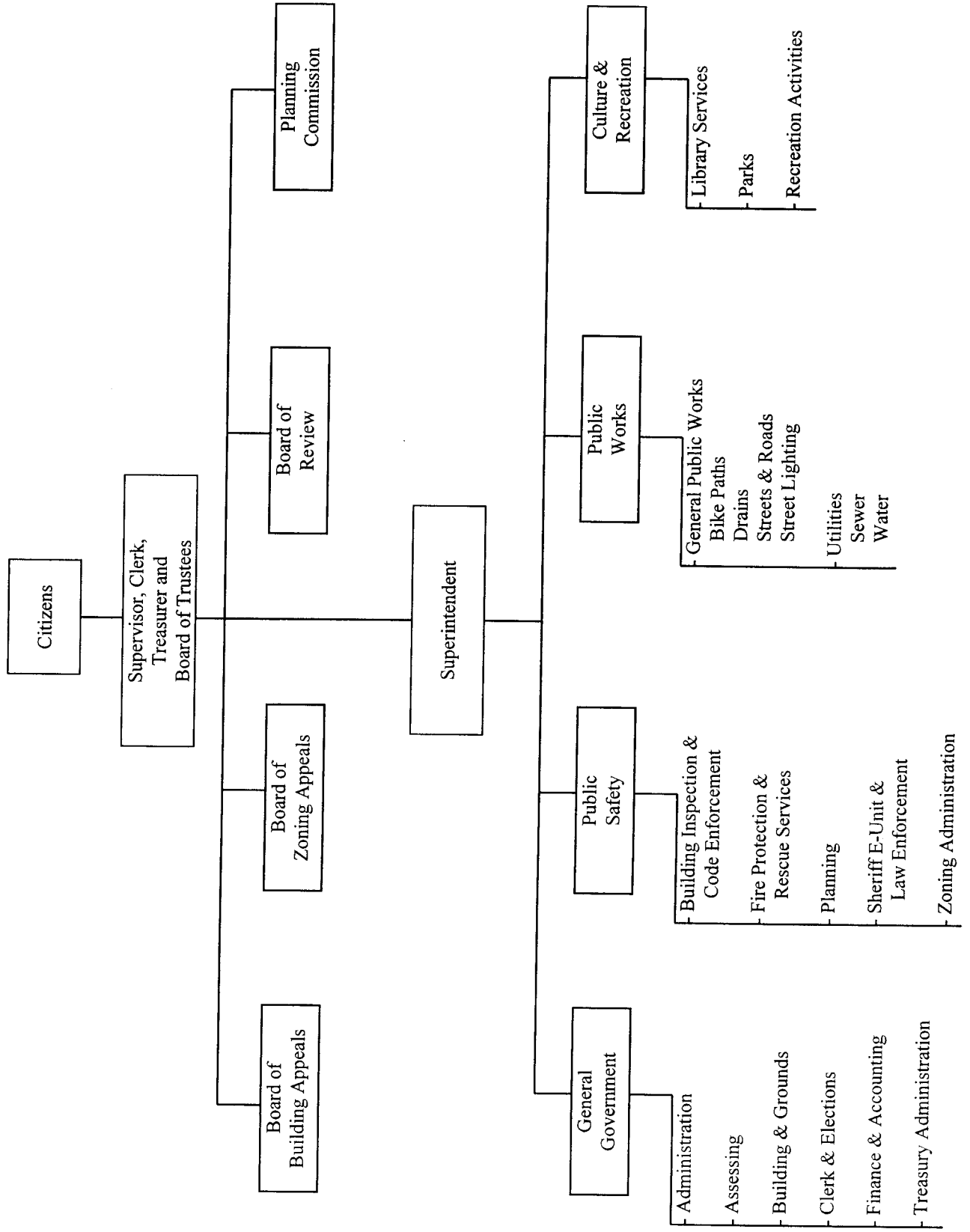
Superintendent	Willis Driesenga
Assistant Superintendent/Finance Director	Donald Komejan
Assessor	Howard Feyen
Building Official	Michael Winkler
Fire Chief	Douglas Van Hekken
Parks and Grounds Maintenance Supervisor	Lou Krepp
Parks and Recreation Director	Darrin Duisttermars
Planner/Zoning Administrator	Jon Mersman
Public Works Director	Tom Van Der Kolk

PREPARED BY
FINANCE DEPARTMENT

Donald Komejan – Finance Director

INDEPENDENT AUDITOR
Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township Organizational Chart



Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2004

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Year Ended December 31, 2004

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

February 25, 2005

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages II through VII and 25 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Charter Township, Michigan basic financial statements. The combining nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kiekover, Scholma & Shumaker, PC

Holland Charter Township, Michigan

Management's Discussion and Analysis

As management of Holland Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Holland Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$131,697,974 (*net assets*). Of this amount, \$44,715,806 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$8,882,933. Approximately two-thirds of this increase (\$5,860,315) is attributable to additional investment in capital assets.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$12,236,143, an increase of \$1,333,303 in comparison with the prior year. Approximately 87% of this total amount, \$10,591,416 is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,976,316 or 63% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$1,667,500 (14%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Charter Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer term view of the Township's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
- The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Holland Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and recreation and culture. The business-type activities of the Township consists of water and wastewater disposal systems.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Holland Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Holland Charter Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. Holland Charter Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and wastewater disposal systems.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the three components of the water and wastewater disposal systems: Water Operating, Wastewater Operating, and Water and Wastewater Construction and Debt Service, all of which are considered to be major funds of Holland Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as the retirement plan for the Township's employees, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Holland Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-24 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Township's General Fund found on pages 25-27 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 28-31 of this report.

Immediately following the combining fund statements is a statistical section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

Financial Analysis of the Township as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Holland Charter Township, assets exceeded liabilities by \$131.7 million at the close of the fiscal year ended December 31, 2004.

The largest portion of the Township's net assets (65%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of the Township totaled \$1.64 million and are reported in the governmental activities. These net assets have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for E-unit and police services and bike paths. The remaining unrestricted net assets (\$44.7 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net assets of Holland Charter Township as of December 31, 2004 and 2003.

TABLE 1 - Holland Charter Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 20,368,211	\$ 18,689,763	\$ 34,118,466	\$ 26,816,426	\$ 54,486,677	\$ 45,506,189
Capital assets	28,454,053	27,345,840	66,762,388	69,325,332	95,216,441	96,671,172
Total assets	48,822,264	46,035,603	100,880,854	96,141,758	149,703,118	142,177,361
Long-term debt outstanding	375,000	435,000	9,504,000	11,111,500	9,879,000	11,546,500
Other liabilities	7,748,566	7,372,466	377,578	443,354	8,126,144	7,815,820
Total liabilities	8,123,566	7,807,466	9,881,578	11,554,854	18,005,144	19,362,320
Net assets:						
Invested in capital assets, net of related debt	28,079,053	26,940,840	57,258,388	52,566,286	85,337,441	79,507,126
Restricted	1,644,727	1,326,870	-	-	1,644,727	1,326,870
Unrestricted	10,974,918	9,990,427	33,740,888	32,020,618	44,715,806	42,011,045
Total net assets	\$ 40,698,698	\$ 38,258,137	\$ 90,999,276	\$ 84,586,904	\$ 131,697,974	\$ 122,845,041

As shown in Table 2 (changes in net assets), the Township's total revenues were approximately \$25.0 million for the current year, of which 28.5% was obtained from property taxes. Fees charged for services accounted for another 35.1% of the total, State shared revenues 8.6%, and capital grants and contributions (mostly in the form of water and wastewater hook-ups and developer contributions of systems) another 22.1%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services at December 31, 2004 was \$16.1 million. Township expenses cover a wide range of services. For the current fiscal year, about 22.5% of the Township's expenses related to public safety and public works and 50.9% related to the provision of water and wastewater services.

Net assets increased by \$2.5 million for the Township's governmental activities. This increase accounted for 27.8% of the total growth in net assets for the year. Net assets for business-type activities increased by \$3.1 million during the year, accounting for the remaining 72.2% increase. The majority of this increase is attributable to improvements to the water and wastewater distribution systems.

The following analysis highlights the changes in net assets for the years ended December 31, 2004 and 2003:

TABLE 2 - Holland Charter Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program revenues						
Charges for services	\$ 766,045	\$ 700,178	\$ 8,016,872	\$ 8,051,062	\$ 8,782,917	\$ 8,751,240
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	320,428	5,533,061	3,387,280	5,533,061	3,707,708
General revenues						
Property taxes	7,124,252	6,845,577	-	-	7,124,252	6,845,577
State shared revenues	2,156,210	2,258,955	-	-	2,156,210	2,258,955
Interest	311,431	283,261	899,067	870,918	1,210,498	1,154,179
Other revenue	30,779	135,476	162,826	274,582	193,605	410,058
Total revenues	<u>10,388,717</u>	<u>10,543,875</u>	<u>14,611,826</u>	<u>12,583,842</u>	<u>25,000,543</u>	<u>23,127,717</u>
Program expenses						
General government	1,172,950	1,053,278	-	-	1,172,950	1,053,278
Public safety	2,162,566	2,029,412	-	-	2,162,566	2,029,412
Public works	1,456,443	1,346,643	-	-	1,456,443	1,346,643
Community and economic development	230,607	216,988	-	-	230,607	216,988
Recreation and culture	2,707,767	2,605,018	-	-	2,707,767	2,605,018
Other	187,823	198,943	-	-	187,823	198,943
Water and wastewater	-	-	8,199,454	8,061,073	8,199,454	8,061,073
Total expenses	<u>7,918,156</u>	<u>7,450,282</u>	<u>8,199,454</u>	<u>8,061,073</u>	<u>16,117,610</u>	<u>15,511,355</u>
Change in net assets	<u>\$ 2,470,561</u>	<u>\$ 3,093,593</u>	<u>\$ 6,412,372</u>	<u>\$ 4,522,769</u>	<u>\$ 8,882,933</u>	<u>\$ 7,616,362</u>

Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 4, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major fund for 2004 consists of only the General Fund.

Total revenue sources for fiscal year 2004 decreased by \$178,569 or 1.7%. Property tax revenues increased by \$279,715 or 4.1%. State shared revenues decreased by \$152,684 or 6.6%. Operating transfers in increased by \$375,000 or 43%.

Expenditures for general government functions decreased in 2004 by \$76,786 or 0.8%. Most expenditure categories remained stable in comparison to 2003 expenditure levels.

In 2004, the Township placed into service a new pumper fire truck with a 75-foot aerial ladder capability at a cost of \$559,152. The Township has eight fire fighting vehicles and one rescue truck.

During 2004, the Township accepted the transfer of the 4.6-acre North Holland Cemetery from a nonprofit association and constructed \$100,316 of capital improvements on the site, including signage, water service, driveway paving, and perimeter fencing.

Also in 2004, the Township constructed \$155,620 of improvements at Helder Park, including a 28' x 40' equipment storage building with paved drive and parking, and installation of perimeter safety netting for two recreation ball fields.

The Township expended approximately \$1,680,700 for construction of various road and intersection improvements. In addition, the Township constructed additional bike paths and sidewalks at a cost of approximately \$192,350 and \$422,800 for various drain system improvements during fiscal year 2004. These public works improvements were financed by General Fund appropriations.

The December 31, 2004 fund balance of the General Fund is \$7,485,962 of which \$5,976,316 is unreserved. The unreserved fund balance decreased by a modest \$58,744 from the prior year. The \$5,976,316 unreserved fund balance is approximately 60% of 2004 budgeted expenditures and operating transfers to other funds, which amount is \$9,940,150.

Proprietary Funds - Holland Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township's proprietary funds are comprised of the water and wastewater utilities. Water and wastewater user rates were not increased in fiscal year 2004.

Combined operating revenues for the water and wastewater systems funds decreased in fiscal year 2004 by \$34,190 from \$8,051,062 to \$8,016,872. Revenues from retail water sales were down from 2003 due in part to the cool, wet spring and early summer weather, which negatively impacted water consumption for irrigation purposes. Combined operating expenses, excluding depreciation, for these funds increased in fiscal year 2004 by \$107,020 from \$5,416,997 to \$5,524,017. At year-end, the Township utility system served 10,569 water accounts and 11,106 wastewater accounts, which reflects an increase from the prior year of 4.0% and 3.8% respectively.

During fiscal year 2004, the Township added \$5.1 million of new plant and equipment to its water and wastewater systems. In 2004, the Township completed construction of several water and sanitary sewer system extension projects at a cost of \$624,800. These system extensions were installed in portions of 100th Avenue south of Quincy Street, Ottogan Street east of 112th Avenue, Quincy Street west of 120th Avenue, Greenly Street, west of 112th Avenue, and Beeline Road. Additionally, approximately 29,004 feet of sanitary sewer collection pipe and 34,409 feet of water distribution pipe were added to the Township's utility system by means of new residential and commercial development projects. The total construction cost for these utility system additions contributed by developers was \$3,116,600.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account various events during the year. The budget for total revenues was increased by \$104,350 and actual total revenues exceeded the final amended budget by \$57,970. The budget for total expenditures was decreased by \$225,650 and actual total expenditures were less than the final amended budget by \$454,148. The General Fund's fund balance increased by \$246,318 from \$7,239,644 a year ago to \$7,485,962 at December 31, 2004.

Capital Asset and Debt Administration

At the end of 2004, the Township had \$95,216,441 (net of depreciation) invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, roads, drains, and water and sewer lines. The Township's investment in roads and drains within the Township are recorded as intangible assets (shared street improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

At December 31, 2004, the Township had \$9,879,000 of long-term contractual obligations and bonded debt outstanding after repayments of \$1,667,500 during the year. These long-term debt obligations are scheduled to mature serially through fiscal year 2018.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005 calls for a slight reduction in the overall property tax rate from 6.35 mills to 6.3 mills. This can be accomplished because of the tax base growth and reduced capital project expenditures. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

The 2005 budget identifies several major initiatives. Construction of a 4-field little league baseball complex at the Township's Quincy Park site is just under way at an estimated cost of \$1.5 million. Funding sources include approximately \$500,000 of federal and state grants. The fire department anticipates replacement of its 1991 fire rescue truck at an estimated cost of \$453,000. This purchase will be made from the Fire Equipment Capital Replacement Fund, which receives annual contributions from the General Fund for acquisition and replacement of fire equipment and vehicles.

The Township plans to continue maintenance and improvement of its general infrastructure, including annual improvements to roads, drains, and bike paths. The 2005 budget provides for about \$2.4 million in General Fund appropriations for these initiatives.

As of December 31, 2004, the Township served 10,569 water and 11,106 wastewater customers, having added 408 water customers and 406 wastewater customers in 2004. As the customer base continues to grow, the Township plans over \$4.3 million of capital improvements in 2005 to its water and wastewater systems, including water and sewer main extensions and replacements, sewer lift station improvements, and vehicle and equipment replacements.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

**Basic
Financial Statements**

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
December 31, 2004

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 14,615,860	\$ 27,814,414	\$ 42,430,274
Receivables:			
Taxes	4,895,966	-	4,895,966
Grants	-	-	-
Accounts	35,790	822,059	857,849
Interest	69,382	130,082	199,464
Due from other governments	751,213	34,758	785,971
Inventories	-	61,386	61,386
Prepaid items	-	15,080	15,080
Assessments receivable	-	5,089,619	5,089,619
Deferred charges	-	151,068	151,068
Capital assets	28,454,053	66,762,388	95,216,441
 Total Assets	 48,822,264	 100,880,854	 149,703,118
LIABILITIES			
Accounts payable	281,903	490,628	772,531
Accrued payroll	50,146	37,414	87,560
Compensated absences payable	125,268	102,920	228,188
Due to other governments	-	50,180	50,180
Deferred revenue	7,291,249	32,348	7,323,597
Noncurrent liabilities:			
Due within one year	65,000	1,380,000	1,445,000
Deferred refunding gain (loss)	-	(335,912)	(335,912)
Due in more than one year	310,000	8,124,000	8,434,000
 Total Liabilities	 8,123,566	 9,881,578	 18,005,144
NET ASSETS			
Invested in capital assets, net of related debt	28,079,053	57,258,388	85,337,441
Restricted for:			
E-unit and police services	953,148	-	953,148
Bike paths	556,498	-	556,498
Construction code activities	135,081	-	135,081
Unrestricted	10,974,918	33,740,888	44,715,806
 Total Net assets	 \$ 40,698,698	 \$ 90,999,276	 \$ 131,697,974

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

Function/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 1,172,950	\$ 80,403	\$ -	\$ -
Public safety	2,162,566	507,931	-	-
Public works	1,456,443	-	-	-
Community and economic development	230,607	20,160	-	-
Recreation and culture	2,707,767	157,551	-	-
Other	187,823	-	-	-
Total governmental activities	7,918,156	766,045	-	-
Business-type activities:				
Water and wastewater	8,199,454	8,016,872	-	5,533,061
Total Primary Government	<u>\$ 16,117,610</u>	<u>\$ 8,782,917</u>	<u>\$ -</u>	<u>\$ 5,533,061</u>

General revenues:
Property taxes
State shared revenues
Interest
Gain on sale of capital assets
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (1,092,547)	\$ -	\$ (1,092,547)
(1,654,635)	-	(1,654,635)
(1,456,443)	-	(1,456,443)
(210,447)	-	(210,447)
(2,550,216)	-	(2,550,216)
<u>(187,823)</u>	<u>-</u>	<u>(187,823)</u>
(7,152,111)	-	(7,152,111)
<u>-</u>	<u>5,350,479</u>	<u>5,350,479</u>
<u>(7,152,111)</u>	<u>5,350,479</u>	<u>(1,801,632)</u>
7,124,252	-	7,124,252
2,156,210	-	2,156,210
311,431	899,067	1,210,498
4,725	-	4,725
<u>26,054</u>	<u>162,826</u>	<u>188,880</u>
<u>9,622,672</u>	<u>1,061,893</u>	<u>10,684,565</u>
2,470,561	6,412,372	8,882,933
<u>38,228,137</u>	<u>84,586,904</u>	<u>122,815,041</u>
<u>\$ 40,698,698</u>	<u>\$ 90,999,276</u>	<u>\$ 131,697,974</u>

Holland Charter Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,829,677	\$ 4,786,183	\$ 14,615,860
Receivables:			
Taxes	4,895,966	-	4,895,966
Accounts	35,790	-	35,790
Interest	46,553	22,829	69,382
Due from other governments	367,711	-	367,711
Prepaid items	-	-	-
Total Assets	<u>\$ 15,175,697</u>	<u>\$ 4,809,012</u>	<u>\$ 19,984,709</u>
LIABILITIES			
Accounts payable	\$ 268,490	\$ 13,413	\$ 281,903
Accrued payroll	37,325	12,821	50,146
Compensated absences payable	92,671	32,597	125,268
Deferred revenue	<u>7,291,249</u>	<u>-</u>	<u>7,291,249</u>
Total Liabilities	<u>7,689,735</u>	<u>58,831</u>	<u>7,748,566</u>
FUND BALANCES			
Reserved:			
E-unit and police services	953,148	-	953,148
Bike paths	556,498	-	556,498
Construction code activities	-	135,081	135,081
Unreserved-reported in:			
General Fund	5,976,316	-	5,976,316
Special Revenue Funds	-	2,405,268	2,405,268
Capital Projects Funds	<u>-</u>	<u>2,209,832</u>	<u>2,209,832</u>
Total Fund Balances	<u>7,485,962</u>	<u>4,750,181</u>	12,236,143
Total Liabilities and Fund Balances	<u>\$ 15,175,697</u>	<u>\$ 4,809,012</u>	
Amount reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
General capital assets			14,955,931
Infrastructure assets			13,498,122
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures			383,502
Long term liabilities are not due and payable in the current period and are not reported in the funds			<u>(375,000)</u>
Net Assets of Governmental Activities			<u>\$ 40,698,698</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,109,180	\$ -	\$ 7,109,180
Licenses and permits	65,180	461,120	526,300
State grants	-	30,000	30,000
State shared revenues	2,157,165	-	2,157,165
Local unit contributions	15,072	-	15,072
Charges for services	84,025	86,763	170,788
Interest and rent	214,134	97,297	311,431
Other	87,564	12,172	99,736
	<u>9,732,320</u>	<u>687,352</u>	<u>10,419,672</u>
Total Revenues			
Expenditures:			
Current:			
General government	1,150,645	32,729	1,183,374
Public safety	1,542,555	439,418	1,981,973
Public works	2,822,930	-	2,822,930
Community and economic development	230,607	-	230,607
Recreation and culture	2,338,224	81,563	2,419,787
Other	151,041	36,782	187,823
Capital outlay	-	259,875	259,875
	<u>8,236,002</u>	<u>850,367</u>	<u>9,086,369</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>1,496,318</u>	<u>(163,015)</u>	<u>1,333,303</u>
Other Financing Sources (Uses):			
Operating transfers in	-	1,250,000	1,250,000
Operating transfers out	(1,250,000)	-	(1,250,000)
	<u>(1,250,000)</u>	<u>1,250,000</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	246,318	1,086,985	1,333,303
Fund Balances - January 1	<u>7,239,644</u>	<u>3,663,196</u>	<u>10,902,840</u>
Fund Balances - December 31	<u>\$ 7,485,962</u>	<u>\$ 4,750,181</u>	<u>\$ 12,236,143</u>

Holland Charter Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

Net change in fund balances-Total Governmental Funds \$ 1,333,303

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	466,932
Current year capital outlays capitalized - infrastructure capital assets	2,295,860
Current year depreciation expense on capitalized assets	(1,654,579)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

Grants	(30,000)
State shared revenues	(955)

Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

60,000

Change in net assets of governmental activities \$ 2,470,561

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 6,179,441	\$ 6,540,177	\$ 15,094,796	\$ 27,814,414
Receivables:				
Accounts	408,714	413,345	-	822,059
Interest	27,251	30,411	72,420	130,082
Due from other governments	13	34,745	-	34,758
Inventories	61,386	-	-	61,386
Prepaid items	7,540	7,540	-	15,080
Total Current Assets	<u>6,684,345</u>	<u>7,026,218</u>	<u>15,167,216</u>	<u>28,877,779</u>
Noncurrent Assets:				
Assessments receivable	-	-	5,089,619	5,089,619
Deferred charges	-	-	151,068	151,068
Capital assets	3,250,545	2,604,356	60,907,487	66,762,388
Total Noncurrent Assets	<u>3,250,545</u>	<u>2,604,356</u>	<u>66,148,174</u>	<u>72,003,075</u>
Total Assets	<u>9,934,890</u>	<u>9,630,574</u>	<u>81,315,390</u>	<u>100,880,854</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	286,310	133,382	70,936	490,628
Accrued payroll	21,286	16,128	-	37,414
Compensated absences payable	46,654	56,266	-	102,920
Due to other governments	-	50,180	-	50,180
Current portion of long-term debt	-	-	1,380,000	1,380,000
Total Current Liabilities	<u>354,250</u>	<u>255,956</u>	<u>1,450,936</u>	<u>2,061,142</u>
Noncurrent Liabilities:				
Deferred revenue	32,348	-	-	32,348
Deferred refunding gain (loss)	-	-	(335,912)	(335,912)
Long-term debt	-	-	8,124,000	8,124,000
Total Noncurrent Liabilities	<u>32,348</u>	<u>-</u>	<u>7,788,088</u>	<u>7,820,436</u>
Total Liabilities	<u>386,598</u>	<u>255,956</u>	<u>9,239,024</u>	<u>9,881,578</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,250,545	2,604,356	51,403,487	57,258,388
Unrestricted, designated for capital projects	-	-	20,672,879	20,672,879
Unrestricted, designated for debt service	-	-	-	-
Unrestricted, undesignated	6,297,747	6,770,262	-	13,068,009
Total Net Assets	<u>\$ 9,548,292</u>	<u>\$ 9,374,618</u>	<u>\$ 72,076,366</u>	<u>\$ 90,999,276</u>

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2004

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
Operating Revenues:				
Water sales	\$ 4,315,650	\$ -	\$ -	\$ 4,315,650
Sewage disposal service	-	3,394,243	-	3,394,243
Other revenues	208,587	3,957	94,435	306,979
Total Operating Revenues	<u>4,524,237</u>	<u>3,398,200</u>	<u>94,435</u>	<u>8,016,872</u>
Operating Expenses:				
Cost of water	2,079,004	-	-	2,079,004
Water connections	192,712	-	-	192,712
Cost of sewage disposal	-	1,360,914	-	1,360,914
Operation and maintenance	734,937	584,139	-	1,319,076
General and administrative	297,587	270,524	4,200	572,311
Depreciation	148,113	145,854	1,778,755	2,072,722
Total Operating Expenses	<u>3,452,353</u>	<u>2,361,431</u>	<u>1,782,955</u>	<u>7,596,739</u>
Operating Income (Loss)	<u>1,071,884</u>	<u>1,036,769</u>	<u>(1,688,520)</u>	<u>420,133</u>
Nonoperating Revenues (Expenses)				
Purchased water credits	162,826	-	-	162,826
Interest income	119,466	127,895	651,706	899,067
Interest expense	-	-	(602,715)	(602,715)
Total Nonoperating Revenues (Expenses)	<u>282,292</u>	<u>127,895</u>	<u>48,991</u>	<u>459,178</u>
Income Before Contributions and Transfers	1,354,176	1,164,664	(1,639,529)	879,311
Capital contributions	-	-	5,533,061	5,533,061
Transfers in	-	-	1,020,000	1,020,000
Transfers out	<u>(395,000)</u>	<u>(625,000)</u>	<u>-</u>	<u>(1,020,000)</u>
Change in Net Assets	959,176	539,664	4,913,532	6,412,372
Net Assets - January 1	<u>8,589,116</u>	<u>8,834,954</u>	<u>67,162,834</u>	<u>84,586,904</u>
Net Assets - December 31	<u>\$ 9,548,292</u>	<u>\$ 9,374,618</u>	<u>\$ 72,076,366</u>	<u>\$ 90,999,276</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2004

	Enterprise Funds			
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 4,259,490	\$ 3,366,602	\$ 94,435	\$ 7,720,527
Payments to suppliers	(2,983,795)	(1,867,521)	(4,200)	(4,855,516)
Payments to employees	(473,193)	(376,585)	-	(849,778)
Other receipts (payments)	208,587	3,957	-	212,544
Net Cash Provided By Operating Activities	<u>1,011,089</u>	<u>1,126,453</u>	<u>90,235</u>	<u>2,227,777</u>
Cash Flows From Noncapital Financing Activities:				
Purchased water credits	162,826	-	-	162,826
Transfers from/to other funds	(395,000)	(625,000)	1,020,000	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(232,174)</u>	<u>(625,000)</u>	<u>1,020,000</u>	<u>162,826</u>
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	-	-	2,818,206	2,818,206
Construction and purchase of capital assets	(243,272)	(107,160)	(1,682,447)	(2,032,879)
Principal paid on capital debt	-	-	(1,607,500)	(1,607,500)
Interest paid on capital debt	-	-	(522,201)	(522,201)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(243,272)</u>	<u>(107,160)</u>	<u>(993,942)</u>	<u>(1,344,374)</u>
Cash Flows From Investing Activities:				
Interest received on investments	<u>119,477</u>	<u>129,675</u>	<u>660,403</u>	<u>909,555</u>
Net Increase in Cash and Investments	655,120	523,968	776,696	1,955,784
Cash and Investments - January 1	<u>5,524,321</u>	<u>6,016,209</u>	<u>14,318,100</u>	<u>25,858,630</u>
Cash and Investments - December 31	<u>\$ 6,179,441</u>	<u>\$ 6,540,177</u>	<u>\$ 15,094,796</u>	<u>\$ 27,814,414</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating income (loss)	\$ 1,071,884	\$ 1,036,769	\$ (1,688,520)	\$ 420,133
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	148,113	145,854	1,778,755	2,072,722
Change in assets and liabilities:				
Receivables	(49,561)	(27,641)	-	(77,202)
Other assets	(4,672)	(34,183)	-	(38,855)
Accounts payable	(155,698)	(638)	-	(156,336)
Accrued and other liabilities	1,023	6,292	-	7,315
Net Cash Provided By Operating Activities	<u>\$ 1,011,089</u>	<u>\$ 1,126,453</u>	<u>\$ 90,235</u>	<u>\$ 2,227,777</u>
Noncash capital financing activities:				
Contribution of capital assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,116,600</u>	<u>\$ 3,116,600</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

	Pension	Agency Fund Type	
	Trust Fund	Tax Collection	Escrow Deposit
ASSETS			
Cash and investments	\$ 3,171,497	\$ 2,278,977	\$ 5,412
Accounts receivable	-	3,177	-
Accrued interest receivable	-	-	26
Total Assets	<u>3,171,497</u>	<u>\$ 2,282,154</u>	<u>\$ 5,438</u>
LIABILITIES			
Accounts payable	\$ -	\$ 109,705	\$ -
Due to other governments	-	2,172,449	-
Deferred revenue	-	-	5,438
Total Liabilities	<u>-</u>	<u>\$ 2,282,154</u>	<u>\$ 5,438</u>
NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 3,171,497</u>		

Holland Charter Township, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended December 31, 2004

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 169,264
Employees	<u>44,267</u>
Total Contributions	213,531
Investment earnings:	
Net appreciation in fair value of investmments	<u>322,042</u>
Total Additions	<u>535,573</u>
DEDUCTIONS	
Benefit payments	29,650
Administrative expense	<u>27,980</u>
Total Deductions	<u>57,630</u>
Change in Net Assets	477,943
Net Assets - January 1	<u>2,693,554</u>
Net Assets - December 31	<u>\$ 3,171,497</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Holland Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Holland Charter Township:

A. Reporting Entity

The Charter Township of Holland is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Economic Development Corporation (EDC) of the Charter Township of Holland is governed by a nine-member board of directors appointed by the township's board of trustees. The EDC promotes economic development within the township through various means including issuance of the Corporation's economic development revenue bonds to finance economic development projects, which require approval by the township's board of trustees. The EDC is reported as a special revenue fund.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Holland Charter Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the township and paid to the township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the township in the year received. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

Water Operating Fund

This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the township's customers, including portions of neighboring Park and Zeeland Townships.

Wastewater Operating Fund

This fund is used to account for the operation and maintenance of a wastewater collection system. The township owns a portion of the capacity of the Holland City Wastewater Treatment Plant, with whom the township contracts for wastewater treatment services.

Water and Wastewater Construction and Debt Service Fund

This fund is used to account for the construction of major water and wastewater systems improvements and additions, which may be financed by issuing bonds or by assessments charged to the benefiting properties. This fund also accounts for the fixed assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Pension Trust Fund

The Pension Trust Fund accounts for the assets of the township pension plan for eligible employees and officials and is accounted for in essentially the same manner as proprietary funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the township's water and sewer function and various other functions of the township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the township's investments. The following accounts are maintained on a separate basis outside of the combined cash management pool: petty cash and imprest cash accounts; the Tax Collection Fund; the Pension Trust Fund; and an agency fund.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" directly correlating to the negative average daily balance participation in the pool.

2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

3. *Inventories and Prepaid Items.*

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-20
Water and Sewer Lines	20-50
Roads	10-30
Other Infrastructure	10-15
Vehicles	3-25
Office Equipment	5-20
Computer Equipment	3-5

5. *Compensated Absences.*

It is the township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested and accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability of the government-wide, governmental and proprietary fund financial statements. A liability is recognized for that portion of accumulating sick leave benefits (50%) that is estimated will be taken as "terminal leave" prior to retirement.

6. Long-Term Obligations.

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

Although the township's 2003 ad valorem tax is levied and collectible on December 1, 2003, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2004, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2003 taxable equivalency valuation of the township totaled \$1,110,130,397 (\$1,040,699,071 ad valorem and \$69,431,326 abated property), on which taxes levied consisted of 3.6415 mills for operating purposes, 1.3585 mills for library services, 0.87 mills for E-unit services and 0.48 mills for bike paths. This resulted in \$4,042,498 for operating, \$1,508,053 for library services, \$965,803 for E-unit services and \$532,857 for bike paths. These amounts are recognized in the General Fund financial statements as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments	<u>\$ 14,615,860</u>	<u>\$ 27,814,414</u>	<u>\$ 5,455,886</u>	<u>\$ 47,886,160</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 13,393,543
Investments in Securities, Mutual Funds and Similar Vehicles	34,491,317
Petty Cash and Cash on Hand	<u>1,300</u>
Total	<u>\$ 47,886,160</u>

The bank balance of the township's deposits is \$13,463,476 of which \$500,000 is covered by federal depository insurance and \$12,963,476 is uninsured and uncollateralized.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the township or its agent in the township's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year-end, the township's investment balances were categorized as follows:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	<u>\$ -</u>	<u>\$ 29,374,989</u>	<u>\$ -</u>	\$ 29,374,989	\$ 29,374,989
Investments Not Subject to Categorization					
Government funds investment pools				1,944,831	1,944,831
Pension trust fund mutual funds				<u>3,171,497</u>	<u>3,171,497</u>
Total Investments				<u>\$ 34,491,317</u>	<u>\$ 34,491,317</u>

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Enterprise			Non-major Funds	Agency	Total
		Water Operating	Wastewater Operating	Construction			
Receivables:							
Taxes	\$ 4,943,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,943,036
Grants	-	-	-	-	-	-	-
Accounts	35,790	408,714	413,345	-	-	3,177	861,026
Interest	46,553	27,251	30,411	72,420	22,829	26	199,490
Intergovernmental	367,711	13	34,745	-	-	-	402,469
Special assessments	-	-	-	5,089,619	-	-	5,089,619
Gross receivables	5,393,090	435,978	478,501	5,162,039	22,829	3,203	11,495,640
Allowance for uncollectibles	(47,070)	-	-	-	-	-	(47,070)
Net Total Receivables	<u>\$ 5,346,020</u>	<u>\$ 435,978</u>	<u>\$ 478,501</u>	<u>\$ 5,162,039</u>	<u>\$ 22,829</u>	<u>\$ 3,203</u>	<u>\$ 11,448,570</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property Taxes	<u>\$ 7,291,249</u>	<u>\$ -</u>

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 5,676,830	\$ 2	\$ -	\$ -	\$ 5,676,832
Construction in progress	<u>567,152</u>	<u>87,512</u>	<u>-</u>	<u>(567,152)</u>	<u>87,512</u>
Subtotal	<u>6,243,982</u>	<u>87,514</u>	<u>-</u>	<u>(567,152)</u>	<u>5,764,344</u>
Capital Assets Being Depreciated					
Building and Improvements	5,256,058	97,353	-	-	5,353,411
Land improvements	4,821,798	175,083	(41,357)	-	4,955,524
Machinery and equipment	1,296,575	33,109	(31,625)	-	1,298,059
Office furniture and equipment	583,697	66,080	(53,675)	-	596,102
Vehicles	1,746,287	574,945	(22,315)	-	2,298,917
Infrastructure	<u>19,411,499</u>	<u>2,295,860</u>	<u>(1,606,614)</u>	<u>-</u>	<u>20,100,745</u>
Subtotal	<u>33,115,914</u>	<u>3,242,430</u>	<u>(1,755,586)</u>	<u>-</u>	<u>34,602,758</u>
Less Accumulated Depreciation for					
Building and Improvements	(1,191,339)	(147,489)	-	-	(1,338,828)
Land improvements	(1,654,288)	(237,501)	41,357	-	(1,850,432)
Machinery and equipment	(622,851)	(126,365)	31,625	-	(717,591)
Office furniture and equipment	(355,480)	(59,001)	53,675	-	(360,806)
Vehicles	(958,479)	(106,605)	22,315	-	(1,042,769)
Infrastructure	<u>(7,231,619)</u>	<u>(977,618)</u>	<u>1,606,614</u>	<u>-</u>	<u>(6,602,623)</u>
Subtotal	<u>(12,014,056)</u>	<u>(1,654,579)</u>	<u>1,755,586</u>	<u>-</u>	<u>(11,913,049)</u>
Net Capital Assets Being Depreciated	<u>21,101,858</u>	<u>1,587,851</u>	<u>-</u>	<u>-</u>	<u>22,689,709</u>
Governmental Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 27,345,840</u>	<u>\$ 1,675,365</u>	<u>\$ -</u>	<u>\$ (567,152)</u>	<u>\$ 28,454,053</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 107,120
Public safety	198,228
Public works	989,373
Community and economic development	-
Recreation and culture	<u>359,858</u>
	<u>\$ 1,654,579</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 214,653	\$ -	\$ -	\$ -	\$ 214,653
Construction in progress	<u>2,641,656</u>	<u>1,871,691</u>	<u>-</u>	<u>(3,523,648)</u>	<u>989,699</u>
Subtotal	<u>2,856,309</u>	<u>1,871,691</u>	<u>-</u>	<u>(3,523,648)</u>	<u>1,204,352</u>
Capital Assets Being Depreciated					
Buildings	1,843,763	-	-	-	1,843,763
Improvements other than buildings	265,148	-	-	-	265,148
Machinery and equipment	856,058	68,420	(29,150)	-	895,328
Vehicles	596,733	53,870	(59,202)	-	591,401
Water and wastewater systems	<u>82,292,989</u>	<u>6,686,992</u>	<u>-</u>	<u>-</u>	<u>88,979,981</u>
Subtotal	<u>85,854,691</u>	<u>6,809,282</u>	<u>(88,352)</u>	<u>-</u>	<u>92,575,621</u>
Less Accumulated Depreciation for					
Buildings	(464,273)	(47,098)	-	-	(511,371)
Improvements other than buildings	(148,794)	(8,796)	-	-	(157,590)
Machinery and equipment	(489,630)	(69,550)	29,150	-	(530,030)
Vehicles	(249,207)	(63,315)	59,202	-	(253,320)
Water and wastewater systems	<u>(23,681,311)</u>	<u>(1,883,963)</u>	<u>-</u>	<u>-</u>	<u>(25,565,274)</u>
Subtotal	<u>(25,033,215)</u>	<u>(2,072,722)</u>	<u>88,352</u>	<u>-</u>	<u>(27,017,585)</u>
Net Capital Assets Being Depreciated	<u>60,821,476</u>	<u>4,736,560</u>	<u>-</u>	<u>-</u>	<u>65,558,036</u>
Business-Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 63,677,785</u>	<u>\$ 6,608,251</u>	<u>\$ -</u>	<u>\$ (3,523,648)</u>	<u>\$ 66,762,388</u>

Depreciation expense was charged to business-type activities as follows:

Water and wastewater	<u>\$ 2,072,722</u>
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Construction Commitments-The township has active construction projects at year-end. At year-end the township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Park improvement projects	\$ -	\$ 1,392,528
Road and storm sewer construction projects	123,704	494,488
Wastewater system projects	724,414	1,685,360
Water system projects	<u>-</u>	<u>370,343</u>
Total	<u>\$ 848,118</u>	<u>\$ 3,942,719</u>

D. Interfund Receivables, Payables and Transfers

At December 31, 2004, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

Transfers In	Transfers Out			Total
	General Fund	Water Operating Fund	Wastewater Operating Fund	
Lake Macatawa Management Fund	\$ 30,000 (1)	\$ -	\$ -	\$ 30,000
Dunton Park Fund	50,000 (2)	-	-	50,000
Helder Park Fund	100,000 (2)	-	-	100,000
Quincy Park Fund	300,000 (2)	-	-	300,000
Building Department Fund	60,000 (1)	-	-	60,000
Building and Site Fund	400,000 (2)	-	-	400,000
Capital Improvements Fund	50,000 (2)	-	-	50,000
Fire Equipment Replacement Fund	250,000 (2)	-	-	250,000
Industrial Park Fund	10,000 (2)	-	-	10,000
Water and Wastewater Construction and Debt Service Fund	-	395,000 (3)	625,000 (3)	1,020,000
	<u>\$ 1,250,000</u>	<u>\$ 395,000</u>	<u>\$ 625,000</u>	<u>\$ 2,270,000</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for operating purposes
- (2) Transfers from General Fund for capital construction and acquisition purposes
- (3) Transfers from Water and Wastewater Operating Funds for debt service

E. Long-Term Debt

The township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Long-term contract						
Park-Holland Township Water & Sewer Authority, interest rates from 3.5% to 5.5%, maturing 2009	\$ 825,000	\$ 435,000	\$ -	\$ (60,000)	\$ 375,000	\$ 65,000
Business-Type Activities						
County Contractual Obligations						
Wastewater treatment plant refunding, interest rates from 2.8% to 4.75%, maturing 2014	\$ 3,570,000	\$ 2,611,500	\$ -	\$ (187,500)	\$ 2,424,000	\$ 195,000
Water system, interest rates from 3.7% to 5.15%, maturing 2018	3,920,000	3,240,000	-	(150,000)	3,090,000	160,000
Water and wastewater system refunding, interest rates from 2.8% to 5.5%, maturing 2011	17,095,000	5,260,000	-	(1,270,000)	3,990,000	1,025,000
		\$ 11,111,500	\$ -	\$ (1,607,500)	\$ 9,504,000	\$ 1,380,000

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 65,000	\$ 19,613	\$ 1,380,000	\$ 440,314
2006	70,000	15,812	1,390,500	371,746
2007	75,000	11,644	804,500	302,096
2008	80,000	7,187	848,500	265,836
2009	85,000	2,444	889,000	226,930
2010-2014	-	-	3,086,500	636,832
2015-2018	-	-	1,105,000	144,920
	\$ 375,000	\$ 56,700	\$ 9,504,000	\$ 2,388,674

NOTE 3. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Agreement – Wastewater Treatment Plant

In 1979, an agreement between the City of Holland and the Townships of Holland, Fillmore, Laketown, and Park was established to expand the wastewater treatment plant of the City of Holland. In 1994, these parties established a new agreement to once again expand the wastewater treatment plant. This new expansion project, completed in 1995, provides approximately 60% more capacity to accommodate a sustained wastewater flow of 16 million gallons per day.

Because the City of Holland is responsible for the operation and maintenance of the plant and has significant control within the governing body of the plant, the City of Holland accounts for the plant within its Wastewater Utility Fund. The township capitalized its portion of the cost of the expanded plant and recorded as a liability its portion of the County of Ottawa general obligation bonds to finance the 1978 and 1995 expansions.

Operating and maintenance costs are allocated among the user governments based on actual total flow and loading into the wastewater treatment plant. These costs are recovered by customer user charges.

C. Subsequent Events

On January 6, 2005, the Township Board renewed several appropriation agreements for contracted services in the amount of \$41,500 as provided within the township's fiscal year 2005 operating budget. Also on January 6, 2005, the Township Board approved the purchase of a new tractor in the amount of \$59,513 as provided in the township's 2005 capital outlay budget.

On February 3, 2005, the Township Board approved the purchase of a new fire rescue truck at a cost of \$452,808 and the purchase of four new pickup trucks at a net cost of \$37,619 after trade allowances. These purchases are provided for within the township's 2005 capital budget.

On February 17, 2005, the Township Board approved replacement of computer equipment in the amount of \$21,399 and approved a contract for construction of 2,600 feet of sidewalk in the amount of \$55,340. These expenditures are provide for within the township's 2005 capital budget.

D. Contingent Liabilities

Several owners of property in the township have appealed their property assessments to the Michigan Tax Tribunal. The township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the township.

E. Jointly Governed Organization

The township, in conjunction with neighboring Park Township, created the Park-Holland Townships Water and Sewer Authority (PHTWSA) in 1994 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of financing the acquisition and/or construction of improvements to the water supply systems, sanitary sewer systems and/or storm sewer systems of these local units of government. Each township appoints two members to PHTWSA's governing board. Currently, PHTWSA receives 100% of its funding from Holland Charter Township which amounted to \$84,000 for 2004. The township would not receive any additional benefit or detriment upon dissolution of this joint venture. The township's equity interest in this joint venture is insignificant. Complete financial statements for PHTWSA can be obtained from Holland Charter Township, 353 North 120th Avenue, Holland MI 49424.

F. Other Post-Employment Benefits

The township has elected to provide postretirement health care, dental and life insurance benefits to certain eligible retired employees. Eligible recipients include all full-time employees who have reached the age of 55 and have worked at least ten years for the township upon their retirement from the township. Such benefits are provided to eligible retirees within the schedule of benefits for the township's pre-Medicare and Medicare supplement insurance plans. The township may provide postretirement benefits to its retirees at its discretion and is not obligated in any manner to provide any postretirement benefits in addition to the pension benefits described under the Defined Contribution Pension Plan note.

As of the end of the fiscal year, 3 eligible retirees and spouses were receiving such postretirement benefits. Expenditures for postretirement benefits are recognized as the township makes payment of monthly premiums to the group provider. For the year ended December 31, 2004, expenditures of \$9,750 were recognized for postretirement health care and dental insurance benefits, which are net of \$9,750 in reimbursements received from retirees.

G. Deferred Compensation Plan

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

H. Pension Plan

The Holland Charter Township Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to eligible employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2004, there were 46 plan participants. The township is required to contribute 9.5% of covered compensation. Plan participants are required to contribute 2.5% of covered compensation. The township contributes 12% of covered compensation for the elected trustees. Contributions to the Plan by the township were \$169,264 for the year ended December 31, 2004. Plan provisions and contribution requirements are established and may be amended by the Holland Charter Township Board.

Significant Accounting Policies:

Basis of Accounting - The plan's financial statements are prepared using the accrual basis of accounting. Employer and plan participant contributions are recognized in the period that the contributions are due.

Method Used to Value Investments - Plan Investments are in pooled and guaranteed accounts with Manufacturers Life Insurance Company and are reported at fair value.

Concentrations:

As of December 31, 2004, investments representing 5% or more of plan assets are as follows:

	<u>Amount</u>	<u>Percent of Total Market Value</u>
Mutual Funds:		
Manulife Lifestyle Fund - Growth Portfolio	\$ 765,267	24.13%
Manulife Lifestyle Fund - Balanced Portfolio	406,824	12.83%
Manulife Lifestyle Fund - Moderate Portfolio	317,774	10.02%
Fidelity Contrafund	229,412	7.23%
Manulife Emerging Growth Stock Fund	201,991	6.37%
Manufacturers Investment Trust - 500 Index Trust	197,546	6.23%

Required
Supplementary Information

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 7,051,000	\$ 7,091,000	\$ 7,109,180	\$ 18,180
Licenses and permits	72,000	65,000	65,180	180
State shared revenues	2,135,000	2,125,000	2,157,165	32,165
Local unit contributions	10,000	10,000	15,072	5,072
Charges for services	76,000	74,000	84,025	10,025
Interest	158,000	224,000	214,134	(9,866)
Other	68,000	85,350	87,564	2,214
Total Revenues	9,570,000	9,674,350	9,732,320	57,970
Expenditures:				
Current:				
General Government:				
Township Board	31,000	35,000	30,802	4,198
Supervisor	32,400	32,400	30,385	2,015
Superintendent	74,000	74,000	70,935	3,065
Assistant superintendent	70,700	70,700	68,438	2,262
Elections	53,000	53,000	41,609	11,391
Accounting	69,000	59,000	51,643	7,357
Assessor	274,500	266,500	258,764	7,736
Attorney	63,000	105,000	101,119	3,881
Clerk	18,400	18,400	15,614	2,786
Board of Review	4,000	4,000	2,932	1,068
General administration	157,400	147,400	127,696	19,704
Treasurer	154,500	100,500	91,033	9,467
Computer services	40,000	30,000	21,934	8,066
Building and grounds	60,000	60,000	50,428	9,572
Other property	4,000	4,000	921	3,079
Cemetery	50,000	121,000	118,633	2,367
Unallocated	30,000	65,000	67,759	(2,759)
Total General Government	1,185,900	1,245,900	1,150,645	95,255
Public Safety:				
Sheriff E-Unit and police services	525,000	432,000	415,571	16,429
Zoning enforcement and community policing	417,000	550,000	536,244	13,756
Public improvement	3,000	3,000	-	3,000
Fire department	662,000	622,350	590,740	31,610
Total Public Safety	1,607,000	1,607,350	1,542,555	64,795
Public Works:				
Leaf collection and cleanup services	52,000	42,000	37,407	4,593
Bike paths	685,000	305,000	248,016	56,984
Drains	335,000	515,000	509,126	5,874
Highways, streets and bridges	1,660,000	1,865,000	1,701,018	163,982
Street lighting	225,000	225,000	222,479	2,521
Public transit	105,000	115,000	104,884	10,116
Total Public Works	3,062,000	3,067,000	2,822,930	244,070

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development				
Economic development	36,000	45,000	45,000	-
Northside neighborhood center	32,000	32,000	32,000	-
Planning Commission and administration	74,500	74,500	61,594	12,906
Macatawa Area Coordinating Council	40,000	35,000	31,879	3,121
Zoning Board of Appeals	7,400	7,400	6,856	544
Zoning administration	76,500	61,500	53,278	8,222
Total Community and Economic Development	<u>266,400</u>	<u>255,400</u>	<u>230,607</u>	<u>24,793</u>
Recreation and Culture:				
Recreation	285,000	285,000	272,753	12,247
Parks	510,000	509,000	502,946	6,054
Triathlon event	17,000	11,000	10,868	132
Libraries	1,500,500	1,503,500	1,502,857	643
Community services	55,000	50,000	48,000	2,000
Parades and floats	1,000	1,000	800	200
Total Recreation and Culture	<u>2,368,500</u>	<u>2,359,500</u>	<u>2,338,224</u>	<u>21,276</u>
Other:				
Insurance	80,000	87,000	84,975	2,025
Other fringes	56,000	68,000	66,066	1,934
Other	290,000	-	-	-
Total Other	<u>426,000</u>	<u>155,000</u>	<u>151,041</u>	<u>3,959</u>
Total Expenditures	<u>8,915,800</u>	<u>8,690,150</u>	<u>8,236,002</u>	<u>454,148</u>
Excess Of Revenues Over (Under) Expenditures	654,200	984,200	1,496,318	512,118
Other Financing Sources (Uses):				
Operating transfers out	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(595,800)</u>	<u>(265,800)</u>	<u>246,318</u>	<u>512,118</u>
Fund Balances - January 1	<u>7,239,644</u>	<u>7,239,644</u>	<u>7,239,644</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 6,643,844</u>	<u>\$ 6,973,844</u>	<u>\$ 7,485,962</u>	<u>\$ 512,118</u>

Holland Charter Township, Michigan
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2004

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. In August of each year, all departments of the township submit requests for appropriations to the superintendent and the finance director so that a budget may be prepared. By September 1, the proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds study sessions and public hearings and a final budget must be prepared and adopted by December 31.

In addition to adopting the annual operating budget, the Board of Trustees annually reviews and approves the Capital Improvement Program (CIP). The CIP is a five-year plan for capital project expenditures and anticipated revenue sources. The CIP is reviewed and approved during the months of June and July of each year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The appropriated budget is prepared by fund, function and department. Expenditures may not legally exceed budget appropriations at the department level within the fund. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - Unallocated and other	\$ 65,000	\$ 67,759
Building Dept - Other	14,000	14,786

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Summer Recreation Fund – was established to account for the recreational fees, contributions and township funds expended for recreation programs involving children and youth participants.

Lake Macatawa Watershed Management Fund – was established to account for grants, contributions and township funds expended for management of the Lake Macatawa Watershed. The Macatawa Watershed Project is a ten-year plan to reduce the nonpoint sources of phosphorus in the watershed as directed by federal and state environmental agencies.

Dunton Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Dunton Park.

Helder Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Helder Park.

Quincy Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Quincy Park.

Building Department Fund – was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Economic Development Corporation – was established to account for the fees and expenses of the Economic Development Program.

Quincy Park Clean-Up Fund – was established to account for the grants received from the state and township contributions with the monies to be used for the clean up of Quincy Park.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building and Site Fund – this fund accounts for contributions from the General Fund to be used for property acquisitions and for building additions and improvements.

Capital Improvement Fund – this fund receives contributions from the General Fund for future township capital projects.

Fire Equipment Replacement Fund – this fund receives contributions from the General Fund to be used for replacing fire equipment.

Industrial Park Fund – this fund receives monies to be used for the development of industrial parks.

Holland Charter Township, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds						
	Summer Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Quincy Park	Building Department	E.D.C.
ASSETS							
Cash and investments	\$ 12,524	\$ 114,306	\$ 108,408	\$ 456,711	\$ 1,457,527	\$ 275,746	\$ 5,187
Receivables:							
Interest	127	539	489	2,360	7,150	1,164	26
TOTAL ASSETS	\$ 12,651	\$ 114,845	\$ 108,897	\$ 459,071	\$ 1,464,677	\$ 276,910	\$ 5,213
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 495	\$ -	\$ -	\$ -	\$ -	\$ 6,411	\$ -
Accrued payroll	-	-	-	-	-	12,821	-
Compensated absences payable	-	-	-	-	-	32,597	-
Total Liabilities	495	-	-	-	-	51,829	-
Fund Balances:							
Reserved	-	-	-	-	-	135,081	-
Unreserved	12,156	114,845	108,897	459,071	1,464,677	90,000	5,213
Total Fund Balances	12,156	114,845	108,897	459,071	1,464,677	225,081	5,213
Total Liabilities and Fund Balances	\$ 12,651	\$ 114,845	\$ 108,897	\$ 459,071	\$ 1,464,677	\$ 276,910	\$ 5,213

Capital Projects Funds							Total Nonmajor Governmental Funds
Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	
\$ 150,283	\$ 2,580,692	\$ 1,167,989	\$ 353,589	\$ 561,342	\$ 122,571	\$ 2,205,491	\$ 4,786,183
746	12,601	5,340	1,783	2,518	587	10,228	22,829
<u>\$ 151,029</u>	<u>\$ 2,593,293</u>	<u>\$ 1,173,329</u>	<u>\$ 355,372</u>	<u>\$ 563,860</u>	<u>\$ 123,158</u>	<u>\$ 2,215,719</u>	<u>\$ 4,809,012</u>
\$ 620	\$ 7,526	\$ -	\$ 5,887	\$ -	\$ -	\$ 5,887	\$ 13,413
-	12,821	-	-	-	-	-	12,821
-	32,597	-	-	-	-	-	32,597
620	52,944	-	5,887	-	-	5,887	58,831
-	135,081	-	-	-	-	-	135,081
150,409	2,405,268	1,173,329	349,485	563,860	123,158	2,209,832	4,615,100
150,409	2,540,349	1,173,329	349,485	563,860	123,158	2,209,832	4,750,181
<u>\$ 151,029</u>	<u>\$ 2,593,293</u>	<u>\$ 1,173,329</u>	<u>\$ 355,372</u>	<u>\$ 563,860</u>	<u>\$ 123,158</u>	<u>\$ 2,215,719</u>	<u>\$ 4,809,012</u>

Holland Charter Township, Michigan
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2004

	Special Revenue Funds						
	Summer Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Quincy Park	Building Department	E.D.C.
Revenues:							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,120	\$ -
State grants	-	-	-	30,000	-	-	-
Charges for services	76,524	-	10,089	-	-	150	-
Interest and rent	214	2,237	1,296	9,324	30,774	5,607	101
Other	76	-	11,714	-	-	122	-
Total Revenues	<u>76,814</u>	<u>2,237</u>	<u>23,099</u>	<u>39,324</u>	<u>30,774</u>	<u>466,999</u>	<u>101</u>
Expenditures:							
Current:							
General government	-	32,729	-	-	-	-	-
Public safety	-	-	-	-	-	439,418	-
Recreation and culture	69,110	-	12,453	-	-	-	-
Other	-	-	-	-	4,300	14,786	-
Capital outlay	-	-	8,500	116,851	87,512	-	-
Total Expenditures	<u>69,110</u>	<u>32,729</u>	<u>20,953</u>	<u>116,851</u>	<u>91,812</u>	<u>454,204</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	7,704	(30,492)	2,146	(77,527)	(61,038)	12,795	101
Other Financing Sources:							
Operating transfers in	-	30,000	50,000	100,000	300,000	60,000	-
Net Change in Fund Balances	7,704	(492)	52,146	22,473	238,962	72,795	101
Fund Balances - January 1	<u>4,452</u>	<u>115,337</u>	<u>56,751</u>	<u>436,598</u>	<u>1,225,715</u>	<u>152,286</u>	<u>5,112</u>
Fund Balances - December 31	<u>\$ 12,156</u>	<u>\$ 114,845</u>	<u>\$ 108,897</u>	<u>\$ 459,071</u>	<u>\$ 1,464,677</u>	<u>\$ 225,081</u>	<u>\$ 5,213</u>

Capital Projects Funds							
Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	Total Nonmajor Governmental Funds
\$ -	\$ 461,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,120
-	30,000	-	-	-	-	-	30,000
-	86,763	-	-	-	-	-	86,763
3,033	52,586	24,639	7,320	10,266	2,486	44,711	97,297
-	11,912	-	-	260	-	260	12,172
<u>3,033</u>	<u>642,381</u>	<u>24,639</u>	<u>7,320</u>	<u>10,526</u>	<u>2,486</u>	<u>44,971</u>	<u>687,352</u>
-	32,729	-	-	-	-	-	32,729
-	439,418	-	-	-	-	-	439,418
-	81,563	-	-	-	-	-	81,563
4,599	23,685	-	13,097	-	-	13,097	36,782
-	212,863	-	47,012	-	-	47,012	259,875
<u>4,599</u>	<u>790,258</u>	<u>-</u>	<u>60,109</u>	<u>-</u>	<u>-</u>	<u>60,109</u>	<u>850,367</u>
(1,566)	(147,877)	24,639	(52,789)	10,526	2,486	(15,138)	(163,015)
-	540,000	400,000	50,000	250,000	10,000	710,000	1,250,000
(1,566)	392,123	424,639	(2,789)	260,526	12,486	694,862	1,086,985
151,975	2,148,226	748,690	352,274	303,334	110,672	1,514,970	3,663,196
<u>\$ 150,409</u>	<u>\$ 2,540,349</u>	<u>\$ 1,173,329</u>	<u>\$ 349,485</u>	<u>\$ 563,860</u>	<u>\$ 123,158</u>	<u>\$ 2,209,832</u>	<u>\$ 4,750,181</u>

STATISTICAL SECTION

Table 1

Holland Charter Township, Michigan
 GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 AND EXPENDITURES AND OTHER USES BY FUNCTION
 Last Ten Fiscal Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Revenues and other financing sources:				
Taxes	\$ 2,229,465	\$ 2,707,809	\$ 3,024,489	\$ 4,451,935
Licenses and permits	358,134	429,691	416,578	460,020
Grants	-	-	-	-
State shared revenues	1,244,964	1,589,121	1,552,682	1,656,471
Local unit contributions	2,000	5,600	2,000	4,800
Charges for services	54,129	58,384	50,252	59,274
Interest	185,606	236,488	301,075	272,008
Other	105,015	67,068	84,117	68,460
Operating transfers in	-	-	-	-
	<u>\$ 4,179,313</u>	<u>\$ 5,094,161</u>	<u>\$ 5,431,193</u>	<u>\$ 6,972,968</u>
Expenditures and other uses:				
General government	\$ 649,200	\$ 743,974	\$ 743,232	\$ 824,014
Public safety	1,008,530	1,063,262	1,153,477	1,308,067
Public works	1,635,226	1,144,857	2,011,442	1,228,309
Community and economic development	87,839	133,135	155,034	119,522
Recreation and culture	471,801	527,762	519,747	1,547,866
Other	76,812	101,665	93,671	81,500
Operating transfers out	196,500	465,000	370,000	1,775,000
	<u>\$ 4,125,908</u>	<u>\$ 4,179,655</u>	<u>\$ 5,046,603</u>	<u>\$ 6,884,278</u>

Table 1 - Continued

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 4,969,756	\$ 5,469,731	\$ 5,912,368	\$ 6,283,303	\$ 6,829,465	\$ 7,109,180
511,927	58,660	59,683	59,348	55,442	65,180
-	-	-	-	-	-
1,790,360	1,905,619	2,838,586	2,498,453	2,309,849	2,157,165
-	10,461	101,083	363,736	16,112	15,072
70,731	81,491	83,527	79,568	82,391	84,025
271,143	528,725	526,992	367,369	204,326	214,134
56,471	63,259	73,469	71,100	418,900	87,564
-	-	-	-	-	-
<u>\$ 7,670,388</u>	<u>\$ 8,117,946</u>	<u>\$ 9,595,708</u>	<u>\$ 9,722,877</u>	<u>\$ 9,916,485</u>	<u>\$ 9,732,320</u>
\$ 861,246	\$ 805,020	\$ 812,849	\$ 904,168	\$ 935,439	\$ 1,150,645
1,409,713	1,067,916	1,195,129	1,335,691	1,419,428	1,542,555
1,368,292	1,127,148	2,149,438	2,896,188	2,738,396	2,822,930
138,935	175,093	178,976	203,756	216,988	230,607
2,000,368	1,882,446	1,978,958	2,426,609	2,293,899	2,338,224
67,943	77,675	86,291	104,032	111,562	151,041
<u>1,042,000</u>	<u>1,713,000</u>	<u>2,665,000</u>	<u>1,667,000</u>	<u>875,000</u>	<u>1,250,000</u>
<u>\$ 6,888,497</u>	<u>\$ 6,848,298</u>	<u>\$ 9,066,641</u>	<u>\$ 9,537,444</u>	<u>\$ 8,590,712</u>	<u>\$ 9,486,002</u>

Holland Charter Township, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended 12-31*	Year of Tax Levied on 12-1	Ad Valorem Tax Levy**	Collections to March 1, Year Following Levy	
			Amount	Percent
1995	1994	\$ 2,775,428	\$ 2,611,386	94.09%
1996	1995	3,147,262	2,977,451	94.60%
1997	1996	3,475,790	3,304,607	95.07%
1998	1997	4,583,198	4,296,526	93.75%
1999	1998	4,951,313	4,678,092	94.48%
2000	1999	5,389,543	5,112,615	94.86%
2001	2000	5,625,140	5,310,769	94.41%
2002	2001	5,765,585	5,400,879	93.67%
2003	2002	6,310,331	5,956,644	94.40%
2004	2003	6,608,322	6,349,764	96.09%

* Taxes are levied on December 1 of the prior fiscal year

** Ad valorem tax levy excludes Act 198 industrial facilities and Act 255 commercial facilities tax levies. The tax levy excludes taxes levied for other taxing jurisdictions, including school districts, the county, and the pool authority.

Table 3

Holland Charter Township, Michigan
 ASSESSED AND TAXABLE VALUE OF PROPERTY
 Last Ten Fiscal Years

Year	Assessed Value			Taxable Value		
	State Equalized Value	Act 198 IFT Act 255 CFT Abated Value	Total SEV and Abated Value	Taxable Value	Act 198 IFT Act 255 CFT Abated Value	Total Taxable and Abated Value
1995	\$ 517,701,500	\$ 96,329,600	\$ 614,031,100	\$ 510,540,830	\$ 96,329,600	\$ 606,870,430
1996	604,676,200	119,766,100	724,442,300	559,974,426	119,766,100	679,740,526
1997	690,038,500	126,766,200	816,804,700	636,523,841	125,727,070	762,250,911
1998	776,675,700	121,499,000	898,174,700	709,371,229	120,561,996	829,933,225
1999	856,119,900	130,721,600	986,841,500	770,541,884	129,925,958	900,467,842
2000	924,259,500	138,430,500	1,062,690,000	824,071,142	136,306,008	960,377,150
2001	999,231,200	145,982,400	1,145,213,600	903,590,618	144,501,275	1,048,091,893
2002	1,099,806,700	139,274,900	1,239,081,600	986,248,111	138,613,778	1,124,861,889
2003	1,168,288,500	139,452,500	1,307,741,000	1,044,036,393	137,820,389	1,181,856,782
2004	1,209,331,300	125,381,800	1,334,713,100	1,095,324,560	124,993,428	1,220,317,988

Valuations are stated as of the March Board of Review.

Taxable property in the township is assessed initially by the Township's assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Holland Charter Township, Michigan
COMPONENTS OF ASSESSED AND TAXABLE VALUE OF PROPERTY

Components of State Equalized Value Last Five Fiscal Years (By Use and Classification)					
	2004	2003	2002	2001	2000
Industrial	\$ 123,789,900	\$ 128,312,800	\$ 118,030,600	\$ 98,028,200	\$ 86,905,200
Commercial	315,868,600	304,608,200	291,622,800	264,003,700	243,304,100
Agricultural	23,618,600	22,688,900	22,109,300	20,854,600	21,486,800
Residential	<u>609,205,700</u>	<u>576,791,500</u>	<u>530,971,600</u>	<u>483,087,700</u>	<u>446,920,900</u>
Total Real Property	1,072,482,800	1,032,401,400	962,734,300	865,974,200	798,617,000
Total Personal Property	<u>136,848,500</u>	<u>135,887,100</u>	<u>137,072,400</u>	<u>133,257,000</u>	<u>125,642,500</u>
Total SEV	<u>\$ 1,209,331,300</u>	<u>\$1,168,288,500</u>	<u>\$1,099,806,700</u>	<u>\$ 999,231,200</u>	<u>\$ 924,259,500</u>

Components of 2004 Taxable Value	
Industrial	\$ 115,527,976
Commercial	285,186,738
Agricultural	9,107,017
Residential	<u>548,741,070</u>
Total Real Property	<u>958,562,801</u>
Industrial	79,353,300
Commercial	47,726,800
Utility	9,681,659
Residential	<u>-</u>
Total Personal Property	<u>136,761,759</u>
Total Taxable Value	<u>\$1,095,324,560</u>

Holland Charter Township, Michigan
 PROPERTY TAX RATES PER \$1,000 STATE EQUALIZED VALUATION
 FOR DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

Year of Levy	HOLLAND TOWNSHIP		HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS			Ottawa Area Intermediate School District
	Operating And Debt	Street Light District	Holland Pool Operating	Holland School District	West Ottawa School District	Zeeland School District	
1995 H	6.2000	0.3000	0.5500	3.5000	4.2882	6.6300	3.4730
1995 NH	6.2000	0.3000	0.5500	21.5000	22.2882	24.6300	3.4730
1996 H	6.2000	0.3000	1.0500	6.5000	6.6500	6.6300	3.4730
1996 NH	6.2000	0.3000	1.0500	24.5000	24.5906	24.6300	3.4730
1997 H	7.2000	0.3000	1.4600	4.2000	6.6500	6.6275	3.4664
1997 NH	7.2000	0.3000	1.4600	22.2000	24.4345	24.6275	3.4664
1998 H	7.0000	0.3000	1.5000	4.6500	6.6500	7.0222	3.4588
1998 NH	7.0000	0.3000	1.5000	22.6500	24.3989	25.0222	3.4588
1999 H	7.0000	0.0000	1.4876	4.2468	6.4500	8.0236	4.3353
1999 NH	7.0000	0.0000	1.4876	22.2468	24.1279	26.0236	4.3353
2000 H	6.8000	0.0000	1.7500	4.0441	6.2200	8.0116	4.2999
2000 NH	6.8000	0.0000	1.7500	22.0441	24.2200	26.0116	4.2999
2001 H	6.4000	0.0000	1.7282	3.7426	6.2200	8.0074	4.2854
2001 NH	6.4000	0.0000	1.7282	21.7426	24.2200	26.0074	4.2854
2002 H	6.4000	0.0000	1.6667	3.7412	6.9468	7.9965	4.2688
2002 NH	6.4000	0.0000	1.6667	21.7412	24.9468	25.9965	4.2688
2003 H	6.3500	0.0000	1.5900	3.5868	6.9468	8.0010	4.2305
2003 NH	6.3500	0.0000	1.5900	21.5868	24.9468	26.0010	4.2305
2004 H	6.3000	0.0000	1.5700	3.5968	6.9468	8.0300	4.2192
2004 NH	6.3000	0.0000	1.5700	21.5968	24.9468	26.0300	4.2192

Year of Levy	COUNTY	STATE	TOTAL FOR RESIDENTS OF		
	Ottawa County	Homestead Education Tax	Holland School District	West Ottawa School District	Zeeland School District
1995 H	4.8990	6.0000	24.9220	25.1602	27.5020
1995 NH	4.8990	6.0000	42.9220	43.1602	45.5020
1996 H	4.7165	6.0000	28.2395	27.3395	27.3195
1996 NH	4.7165	6.0000	46.2395	45.2801	45.3195
1997 H	4.6985	6.0000	27.3249	28.3149	28.2924
1997 NH	4.6985	6.0000	45.3249	46.0994	46.2924
1998 H	4.4804	6.0000	27.3892	27.8892	28.2614
1998 NH	4.4804	6.0000	45.3892	45.6381	46.2614
1999 H	4.3812	6.0000	27.4509	28.1665	29.7401
1999 NH	4.3812	6.0000	45.4509	45.8444	47.7401
2000 H	4.3760	6.0000	27.2700	27.6959	29.4875
2000 NH	4.3760	6.0000	45.2700	45.6959	47.4875
2001 H	4.2722	6.0000	26.4284	27.1776	28.9650
2001 NH	4.2722	6.0000	44.4284	45.1776	46.9650
2002 H	4.1672	6.0000	26.2439	27.7828	28.8325
2002 NH	4.1672	6.0000	44.2439	45.7828	46.8325
2003 H	4.1611	5.0000	24.9184	26.6884	27.7426
2003 NH	4.1611	5.0000	42.9184	44.6884	45.7426
2004 H	4.2593	6.0000	25.9453	27.7253	28.8085
2004 NH	4.2593	6.0000	43.9453	45.7253	46.8085

H= Homestead Properties

NH= Non-Homestead Properties

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2004

<u>Taxpayer</u>	<u>Principal Product/Service</u>	<u>2004 Taxable Equivalency Value</u>	<u>Percent Of Total 2003 Taxable Equivalency Value</u>
Pfizer (Parke-Davis & Co.)	Pharmaceuticals	\$ 44,372,692	3.83%
Magna Donnelly	Glass & automotive mirrors	18,660,351	1.61%
Geenen DeKock Properties	Commercial development	15,111,468	1.31%
Herman Miller, Inc.	Office furniture	12,566,529	1.08%
Request Foods, Inc.	Pre-packaged dinners	11,396,250	0.98%
Hart & Cooley, Inc.	Air distribution products	10,759,659	0.93%
Westshore Mall Ltd.	Retail shopping mall	9,774,098	0.84%
Clearview Apartments	Apartment housing	8,930,510	0.77%
Huntington National Bank	Banking services	7,969,800	0.69%
Windmill Lakes Apartments	Apartment housing	6,846,776	0.59%
Total Taxable Value of Ten Largest Taxpayers		146,388,133	12.63%
Total Taxable Value of All Other Taxpayers		<u>1,012,213,541</u>	<u>87.37%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,158,601,674</u>	<u>100.00%</u>

Notation:

Taxable equivalency values are stated as of the March Board of Review and represent a combination of 100% of taxable value, 50% of abated taxable value for new IFT and CFT facilities, and 100% of abated taxable value for rehabilitated IFT and CFT facilities.

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2004

State Equalized Value (SEV)	<u>\$ 1,209,331,300</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 120,933,130
Outstanding general obligation debt	<u>9,504,000</u>
Legal Debt Margin	<u>\$ 111,429,130</u>

Holland Charter Township, Michigan
 RATIO OF BONDED DEBT
 TO STATE EQUALIZED VALUED PER CAPITA
 Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>Population</u>	<u>State Equalized Valuation</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Gross Bonded Debt to State Equalized Valuation</u>	<u>Gross Bonded Debt Per Capita</u>
1995	17,523	\$ 517,701,500	\$ 17,437,875	3.37%	995
1996	20,236	604,676,200	16,328,685	2.70%	807
1997	20,236	690,038,500	15,511,245	2.25%	767
1998	20,236	776,675,700	18,320,000	2.36%	905
1999	20,236	856,119,900	16,936,500	1.98%	837
2000	28,911	924,259,500	15,460,500	1.67%	535
2001	30,754	999,231,200	14,226,000	1.42%	463
2002	31,879	1,099,806,700	12,745,000	1.16%	400
2003*	32,960	1,168,288,500	11,111,500	0.95%	337
2004*	32,960	1,209,331,300	9,504,000	0.79%	288

* July 1, 2003 population estimate by U.S. Census Bureau

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2004

<u>Jurisdiction</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Holland Township</u>	<u>Amount Applicable To Holland Township</u>
Direct Debt:			
Holland Charter Township	\$ 9,504,000	100.00%	\$ 9,504,000
Overlapping Debt:			
County of Ottawa	16,795,000	13.66%	2,294,197
Holland Area Swimming Pool Authority	9,030,000	3.85%	347,655
Holland School District	28,079,000	3.85%	1,081,042
West Ottawa School District	147,455,000	47.25%	69,672,488
Zeeland School District	107,445,000	29.32%	31,502,874
Ottawa Intermediate School District	8,130,000	12.05%	979,665
			<u>\$ 115,381,921</u>

Note: The above debt information excludes self supporting bonds issued by the Holland Hospital Authority for Holland Community Hospital.

Source: Holland Charter Township and Municipal Advisory Council of Michigan, (as of December 31, 2004).

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>State Equalized Value</u>	<u>Number of Permits</u>	<u>Estimated Building Cost</u>
1995	\$ 517,701,500	967	\$ 89,474,497
1996	604,676,200	946	79,445,322
1997	690,038,500	872	68,836,438
1998	776,675,700	830	89,775,565
1999	856,119,900	894	96,822,530
2000	924,259,500	884	93,987,083
2001	999,231,200	819	87,641,238
2002	1,099,806,700	771	68,577,644
2003	1,168,288,500	883	68,456,647
2004	1,209,331,300	764	69,010,603

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2004

ASSESSED:	Tax assessments are determined as of tax day, December 31.
LIEN ON PROPERTY:	Personal property taxes become a lien and are payable on December 1, however, they are billed on July 1 and December 1. Property taxes for local school districts are levied on July 1 or on December 1 or portions are levied on each date. Intermediate school district taxes are levied on July 1. County and township taxes are levied on December 1. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed.
PAYABLE:	Taxes billed July 1 are payable on July 1 and due without penalty on September 14. Taxes billed December 1 are payable on December 1 and due without penalty on February 14. Taxes are collected at the office of township treasurer.
DELINQUENT:	Real property taxes become delinquent on March 1 and are returned to the county treasurer for collection. Ottawa County operates a Delinquent Tax Revolving Fund, which forwards delinquent tax monies to local jurisdictions. Delinquent personal property taxes are collected by the township treasurer. Uncollectible personal property taxes are stricken from the tax rolls upon petition to the Circuit Court when uncollectible for a period of five years from date of levy.
PENALTIES:	Interest at the rate of one percent per month is assessed on unpaid summer taxes on September 15, October 1, November 1, December 1, January 1, and February 1. A three percent penalty is charged on summer and winter taxes paid after February 14. Taxes returned delinquent to the county treasurer on March 1 are subject to a four percent collection fee and one percent per month interest.
TAX ABATEMENT:	<p>The state equalized value does not include valuation of certain facilities, which are exempt under Act 198, Public Acts of 1974 or Act 255, Public Acts of 1978. The Acts are designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan.</p> <p>An Industrial or Commercial Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. Renovated facilities are taxed at the full millage rate based on the assessed valuation prior to the improvements. New facilities are taxed at one half rate levied on assessments which are determined annually based on true cash value.</p>

Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2004

TOWNSHIP TAXATION
AND LIMITATION:

The township's tax rate for municipal operations is limited to five mills by the State of Michigan's Charter Townships Act of 1947, as amended. Additional tax levies have been approved from time to time by vote of the township electorate for specific services, such as construction and maintenance of bike paths, additional law enforcement and emergency medical unit services, and library services.

In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases of taxes by the state, and political subdivisions from currently authorized levels of taxation. The amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time they became effective or which have been approved by the electors of the state or such political subdivisions.

Holland Charter Township, Michigan
GENERAL STATISTICAL DATA
December 31, 2004

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	38 full time; 245 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 43 part time fire fighters (including 13 emergency medical technicians), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels	11,116	
	Number of personal property tax parcels	1,827	
	Total tax parcels (includes IFT abated parcels)	12,943	
WATER UTILITY:	Customer Accounts:		
	Residential	8,507	
	Commercial	1,743	
	Industrial	243	
	Other	76	
	Total Water Customer Accounts	10,569	
	Gallons purchased	2,291,549,300	
	Revenues from sales and charges	\$4,315,650	
WASTEWATER UTILITY:	Customer Accounts:		
	Residential	9,537	
	Commercial	1,358	
	Industrial	158	
	Other	53	
	Total Wastewater Customer Accounts	11,106	
	Gallons treated	1,379,212,000	
	Revenues from user charges	\$3,394,243	
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (20 acres) Helder Park (158 acres, including 60 acres of vacant land) Quincy Park (133 acres, including 67 acres of vacant land)		
BIKE PATHS & SIDEWALKS:	53 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census		
		1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2003 (est)	32,960